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The U.S. Market for Private-Label Foods

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THE U.S. MARKET FOR PRIVATE-LABEL FOODS

Team Canada Inc • Équipe Canada inc

EXECUTIVE SUMMARY

In 1999, U.S. sales of private-label foods and beverages was valued at $68-72 billion[1], or 15% of total sales. Private-label goods are expected to continue their strong growth: analysts are forecasting sales of nearly $100 billion (18% of total food and beverage sales annually) by 2004.

The consolidation of retailers in recent years has had the greatest impact on the growth of the private-label industry. Larger stores have more resources to allot to the development of private-label programs, and can afford to micromanage their stores to better suit their clientele. The consolidation of retailers has also led to a secondary role for retail outlets, as a competitor for national brands. As a result, retailers are beginning to demand more from their private-label suppliers in terms of planning, forecasting, and the volume of production.

With the forecast growth of the private-label industry, good opportunities exist for Canadian manufacturers in nearly all product categories. Although many retailers initially focussed their efforts on developing fresh products for their dairy and deli departments, private-label products have also made significant gains in categories that have been traditionally dominated by national brand products such as frozen foods, health foods, and ready meals.

Canadian manufacturers of private-label goods have developed a reputation as dependable suppliers to the U.S. market. Retailers in the United States are attracted to the fact that many Canadian producers have experience in producing premium quality private-label foods. As a result, a number of the top supermarket retailers have come to Canadian conferences and trade shows in search of potential Canadian suppliers.

[1] All monetary amounts are expressed in Canadian dollars, unless otherwise indicated. The conversion rate to Canadian dollars is based on IDD Information Services, *Tradeline*, October 2000.

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THE U.S. MARKET FOR PRIVATE-LABEL FOODS

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MARKET OVERVIEW

In 1999 in the United States, private-label products accounted for approximately 15% of total food and beverage sales, or between $68-72 billion. By 2004, analysts predict that private-label goods will account for roughly 18% of total sales, or nearly $100 billion annually.

Private-label products represent an excellent opportunity for retailers to generate increased profits. On average, store brand profit margins are 27% larger than national brand products and as a result, retailers are spending more on promotion and advertising of their private-label lines to increase their bottom line. Retailers increase their profits and consumers reduce their expenses by purchasing store brand goods. In 1999, it is estimated that consumers saved approximately $22-24 billion by purchasing private-label items instead of national brands.

Although private-label products have gained a significant share of the market, retailers are not attempting to completely take over sales from national brand products. Instead, store brand goods aim to provide quality products at a reasonable price thereby enticing consumers into shopping more often at a specific retailer and, perhaps, trying other products under the same store label. Retailers understand that while consumers may be willing to purchase certain store brand items, most still prefer national brand items for other products they purchase. If a retailer were to simply eliminate a national brand, it may force consumers to shop elsewhere for the products they want. Therefore, retailers must provide a balance between introducing new items that may generate both interest and sales, and overexposing consumers to products under a certain store brand label.

The strength of the private-label industry is best exemplified by the success that manufacturers are experiencing in areas that have traditionally been dominated by national brands. Frozen foods, health foods and deli meats are a few of the areas where store brand products have gained significant market share over a relatively short period of time.

In response to the growing consumer interest in private-label foods, many manufacturers are becoming more proactive instead of reactive. Store brand goods are no longer simply knock-offs of national brands at a slightly cheaper cost. Instead, these products are frequently found in new and innovative products areas and are not

available under any other brand name. Consumers who purchase other products under the same store brand name have displayed a willingness to try these new products as confidence is building in the quality of specific store brands.

Another advantage for private-label manufacturers is that they tend to be able to respond to changes in the marketplace more rapidly than most manufacturers of national brands. Their ability to respond stems from the fact that these manufacturers have direct access to consumer purchase information through retail partners.

Key Factors Shaping Market Growth

The U.S. population is undergoing a significant demographic shift that will also affect sales of private-label foods. In general, the population is aging, due in large part to the baby boom generation. As consumers age, they typically reach a point where they become more aware of how much they are spending. This shift in mentality tends to favour store brand products, which have developed a reputation for providing good quality products at a reasonable cost.

However, a second generation (Generation Y), which is almost as large as the baby boom generation (73 million versus 76 million people), will also have an impact on private-label sales. This younger generation has proved to be extremely receptive to private-label goods, as they were not consumers during the time period when the term *private label* implied a lower-quality product. As a result, store brands are simply another option to brand name goods.

Increased foreign ownership of domestic supermarkets has also led to higher sales of private-label foods. Large European companies such as Ahold, Sainsbury, Tengelmann and Delhainze all have partial or whole ownership of U.S. supermarket chains. With the consolidation of the supermarket industry, companies have been able to focus their efforts on increasing private-label sales. European chains tend to have more experience in dealing with private-label products and most companies believe that they can increase store brand sales substantially over the next decade.

Overall, most industry analysts believe that European ownership will have a positive impact on the private-label market. However, there is some concern that foreign companies may be too enthusiastic about private-label foods and that significant changes will hinder rather than help the market. For example, after taking control of the Shaw's supermarket chain, Sainsbury reportedly replaced many national brands with store brand products. This approach backfired as many consumers felt they were being forced to buy a certain product instead of being given a choice.

Product location can have a significant impact on the success or failure of a product (line). New products should be displayed in their standard location and be available in high traffic areas, such as the end of aisles or near the checkouts, to encourage

impulse purchases. For instance, while two-litre carbonated soft drinks may sell well from a standard shelf location, many retailers sell individual cans from small refrigeration units near checkouts. An increasing number of retailers are also beginning to cross merchandise items in an attempt to increase sales. For example, retailers may place bananas in the cereal aisle to make consumers think about various meal options.

Department sanitation also impacts the sales of private-label goods as consumers associate the cleanliness of the store shelves, floors and refrigeration units with the quality of their store brand products. This is especially true for fresh products such as those found in the dairy, deli and meat departments.

Opportunities

With the growing demand for private-label goods in the United States, retailers are actively looking for new or unique products in nearly all product categories. This should provide Canadian exporters with excellent opportunities to export their goods.

Frozen Foods

Frozen foods represent one of the best product opportunities for Canadian manufacturers. In 1999, the private-label frozen food market was estimated to have increased by 4.6% to $6.1 billion. Since 1996, sales in this market have increased by 4-9% annually with increases registered in nearly all product categories. Although some sales increases can be linked to price hikes, most categories have benefited from consumer recognition of the improved quality of private-label goods. As **Table 1** shows, frozen foods such as entrees, meats and cakes are among the fastest-growing items. However, as witnessed by the final column in the table, many of these categories control a relatively small portion of the total market and therefore have comparatively small sales figures.

Table 1. Top Ten Categories for Growth of Private-label Foods*

Product Category	Overall Category Sales Change (%)	Private-label Sales Change (%)	Private-label Share of Total Market (%)
Meat Entrees	-15.4	736.1	0.1
Poultry Entrees	1.6	226.4	0.1
Seafood Entrees	1.0	143.3	0.8
Meat–Other	6.1	136.2	0.8
Meat–Beef Steak	15.0	76.3	7.8
Mexican Entrees	16.4	59.1	1.1
Desert Cakes	-4.5	57.2	2.1
Unbreaded Shrimp	37.7	50.1	42.5
Bread	18.6	42.0	8.3
Entrees–Other	10.3	32.0	1.0

* Total sales through retail outlets for the 52-week period ending March 18, 2000.
Source: Stagnito Communications Inc. *Private Label Buyer*, October 2000.

Dairy

Supermarket dairy departments have the highest levels of private-label penetration of any store department as many retailers initially focus their efforts on developing store brand products in their fresh food departments. In 1999, private-label dairy products accounted for nearly 45% of dollar sales ($17.1 billion) and 35% of unit sales (7.6 billion units), up 5.2% and 0.7% respectively. Dairy production was aided significantly by high levels of milk production. The Private Label Manufacturers Association (PLMA)[2] estimates that 62% of milk sales, 76% of egg sales and 37% of all cheese sales are store brands.

Deli

The deli department is an area where many retailers aspire to differentiate themselves from their competitors by offering a wide selection of new, unique products at reasonable prices. Private-label retailers have concentrated their advertising on emphasizing the health benefits of their deli products, some of which have low fat and fewer additives and preservatives than other deli meats. Most retailers initially focus on turkey, ham and roast beef, which make up approximately 80% of deli meat volume.

[2] For contact information regarding key organizations mentioned in this report, see **Key Contacts and Support Services**.

However, products such as sausage, corned beef, and pastrami are also common private-label products. In fact, private-label sausage sales have increased by 71% since 1995—the highest five-year increase in any category. In order to encourage consumers to try private-label deli meats, some retailers have offered a 100% satisfaction guarantee.

Soft Drinks

In 1999, the U.S. soft drink market was estimated to be worth $18.6 billion. Although private-label carbonated beverages account for about 7% of this total, they still represent a sizeable market with sales of $1.3 billion.

With manufacturing plants in California, Florida, Missouri and North Carolina, Canadian-based Cott Corporation is the leading producer of soft drinks in the United States, accounting for almost 60% of total private-label beverages. In 1999, Cott's sales volume increased by nearly 15%, while its share of the total market increased by around 0.4%. Cott supplies many of the largest retailers in the U.S. including Albertson's, Safeway, Wal-Mart, Kmart, 7-Eleven, H-E-B, CVS, Eckerd and Wegmans.

Ready Meals

The ready meals category is a relatively new area that has experienced strong growth in recent years due to busier consumer schedules. As is the case with many new categories, currently there is a lack of brand loyalty, which will provide opportunities for high-quality, private-label products to distinguish themselves.

Actual and Planned Projects

Kroger, the largest grocer in the United States, has officially launched its private-label line of products. The product line, called *Private Selection*, was acquired along with Kroger's takeover of the Fred Meyer chain of stores in May 1999. Private Selection products are available throughout the more than 2300 stores run by Kroger. The product line, which competes with premium-quality branded items, currently offers consumers more than 300 products throughout the various supermarket departments.

In November 2000, SoftCare EC.com announced the launch of its "PrivateLabelHome" business-to-business industry portal. The portal is designed specifically for 3200 members of the PLMA and retailers in both Canada and the United States that carry private-label goods. This site will allow retailers to search for potential suppliers of private-label goods while also allowing manufacturers to market their products. Any member of the private-label industry, or retailers, can join the "PrivateLabelHome" portal and will be charged transaction fees or subscription fees depending on the services used.

COMPETITIVE ENVIRONMENT

Local Capabilities

Currently, domestic manufacturers supply more than 90% of private-label foods found in the U.S. market. It is estimated that there are more than 1000 manufacturers that specialize in producing private-label food products in the United States.

International Competition

As the U.S. private-label market has grown, international competition has also increased significantly. The greatest competition for Canadian suppliers comes from Europe. Countries such as the United Kingdom, France and Germany all have highly developed private-label programs in place and therefore manufacturers have a great deal of experience and expertise in the private-label market. However, Canada's advantages in geographic proximity and tariff rates should allow Canadians to remain competitive in this market.

Canadian Position

Canadian manufacturers of private-label foods have done an excellent job of establishing themselves in the U.S. market. As a result, Canada has developed a solid reputation as an exceptional source for private-label goods. For example, major retailers such as Wegmans Food Markets, Giant Eagle, Harris-Teeter, and the Kroger Company have all come to Canadian conferences and trade shows in search of potential suppliers. Many Canadian manufacturers have experience in producing high-end, private-label foods, both in terms of taste and packaging. This kind of experience is attractive to many U.S. retailers and producers, as the U.S. private-label market has historically focussed on moving large volumes of products at a low cost.

Private-label sales in Canada are slightly higher than in the United States, with an estimated 25% market share. Companies such as Loblaws Supermarkets, with their President's Choice brand (which accounts for around 35% of their sales in Canada), have established themselves in both the Canadian and U.S. markets with a great deal of success. The majority of these private-label products are higher-quality items which are priced lower than similar brand name goods.

The forecast growth of this market should provide excellent opportunities for Canadian exporters. In addition, U.S. retailers are actively seeking out Canadian suppliers of new or innovative products to expand their product lines.

Competitive Advantage Through Canadian Government Policies and Initiatives

Agri-Food Trade Program

The Agri-Food Trade Program (AFTP) is a cost-shared contribution program designed to support Canadian agri-food industry activities in areas of market readiness, market access and market development. The objective of the AFTP, which combines the Agri-Food Industry Market Strategies (AIMS) and Agri-Food Trade 2000 (AFT2000) programs, is to increase sales of agriculture, food, and beverage products in domestic and foreign markets.

A priority of the AFTP is to encourage Canadian agri-food associations and alliances to develop and implement sectoral export market development strategies to improve their global competitiveness.

Canadian Commercial Corporation

The Canadian Commercial Corporation (CCC) gives Canadian companies access to financing and better payment terms under the Progress Payment Program (PPP). The PPP concept was developed as a partnership between major Canadian financial institutions and the CCC. It enables the exporter's bank to open a project line of credit for the exporter's benefit, based on CCC approval of the project and the exporter's ability to perform. The CCC will also act as a prime contractor on behalf of Canadian small and medium-sized enterprises, giving those businesses increased credibility and competitive advantage.

Export Development Corporation

Export Development Corporation (EDC) offers export financing and insurance to Canadian exporters. Additionally, insurance can be provided for larger transactions that are subject to the terms and conditions established by the buyer. EDC prefers to work through letters of credit, bank credits or bank guarantees. Approval for financing is considered on a case-by-case basis.

New Exporters to Border States and Exporters to the United States

The New Exporters to Border States (NEBS) program introduces the essentials of exporting to Canadian companies that have not yet exported to the United States. NEBS provides participants with practical information and first-hand exposure to U.S. border state markets.

Exporters to the United States (EXTUS—formally NEBS Plus) helps Canadian companies that are already exporting to U.S. border states to expand to other regions of the United States. For more information on NEBS and EXTUS, call 1-888-811-1119,

visit http://www.dfait-maeci.gc.ca/geo/usa/nebs-e.asp or send an E-mail to Roman.Borowyk@dfait-maeci.gc.ca.

North American Free Trade Agreement

The North American Free Trade Agreement (NAFTA) is a comprehensive free trade agreement among Canada, the United States and Mexico, which came into effect January 1, 1994. The NAFTA has opened markets to Canadian exporters through the elimination of tariff and non-tariff barriers. Efforts have also been made to address export issues of direct concern to small and medium-sized enterprises (SMEs) in terms of trade facilitation, such as infrastructure improvements for the transport of commercial goods.

In recognition of the important role that SMEs play in the national economies of the NAFTA countries, a number of customs-related trade facilitation initiatives have been undertaken to simplify customs procedures and reduce bureaucratic impediments to cross-border trading. For example, the North American Trade Automation Prototype (NATAP) is a joint initiative among Canada, the United States and Mexico to streamline the customs clearance of commercial goods. The Prototype is based on a foundation of common data elements, documents and processes, and will attempt to show that most of the duplication required today could be eliminated. It will also test the use of Intelligent Transportation Systems (ITS) and the concept of a seamless border for low-risk and pre-approved drivers. The Prototype is a low-volume field test currently being operated at six sites, including two on the Canada–U.S. border.

SMEs can now also benefit from a standard procedure for moving commercial samples, professional equipment, tools of trade and exhibition material across borders on a temporary basis, and from the dissemination of accurate, consistent and easy-to-understand information relating to customs laws and procedures. For further information, contact the Canada Customs and Revenue Agency, Trade Agreements Information Line at 1-800-661-6121 or (613) 941-0965, or the NAFTA Customs Web site at http://www.nafta-customs.org.

Program for Export Market Development

The Program for Export Market Development (PEMD) helps Canadian companies enter new markets by sharing the costs of activities that companies normally could not or would not undertake alone, thereby reducing risks involved in entering a foreign market. Eligible costs and activities include market visits, trade fairs, incoming buyers, product testing for market certification, legal fees for international marketing agreements, transportation costs of offshore company trainees, product demonstration costs, promotional materials, and other costs necessary to execute a market development plan. Activity costs are shared on a pre-approved, 50/50 basis.

The PEMD refundable contribution ranges from $5,000 to a maximum of $50,000. Preference is given to companies with fewer than 100 employees for a firm in the manufacturing sector and 50 in the service industry, or with annual sales between $250,000 and $10 million. Other components of the program include international bid preparation (Capital Project Bidding) and, for trade associations, developing international marketing activities for their membership. For additional information visit http://www.infoexport.gc.ca/pemd-e.asp or call 1-888-811-1119.

WIN Exports

WIN Exports, a database of Canadian exporters and their capabilities, is used by trade commissioners around the world and by Team Canada Inc partners in Canada to match Canadian suppliers with foreign business leads, and to share information on trade events. To register your company in WIN Exports or for more information, visit http://www.infoexport.gc.ca/winexports/home_e.html or call 1-888-811-1119.

PRIVATE-SECTOR CUSTOMERS

According to the Food Marketing Institute, consumer spending on groceries increased to US$87 per week in 1999. Although spending totals have steadily increased, when adjusted for inflation, consumers are spending US$2 less than they were in 1994. This reduction in spending is widely attributed to the growth in consumer spending on private-label foods.

Although private-label foods appeal to a wide variety of consumers, in general, shoppers can be grouped into light and heavy buyers. Light buyers tend to have higher incomes, live in smaller households in more urban locations, have no children under the age of 18, have a higher level of education, and are more likely to be from ethnic minority households. These consumers tend to purchase premium-quality private-label goods. Heavy buyers, tend to have lower incomes, live in more rural locations, have larger households, a less formal education, and there tends to be children under the age of 18 in the household.

It is estimated that more than 95% of consumers purchase private-label foods and beverages, with women being more likely than men to experiment with store brands that they have never used. Men cite a fear of criticism as the main reason for choosing national brands instead of store brands.

Outside of supermarkets, it is estimated that 25% of consumers purchase private-label goods at specialty stores, while roughly 22% shop for groceries at discount stores such as Wal-Mart. Warehouse stores have steadily declined in popularity since 1994, with only 10% of consumers shopping for groceries at this venue on a regular basis, and nearly half of consumers never shopping for food through these outlets.

Retailers have also spent more time studying the demographic make-up of the U.S. population and are attempting to provide products which are suited to a specific area or region of the country. For example, retailers have found that the Hispanic population is among the most brand loyal consumer groups. While this may be positive for established brands, new products may have a greater degree of difficulty in gaining market share. Brand loyalty has forced retailers to depend heavily on sampling and demonstrations in order to promote a product to this consumer group. In addition, retailers have found that consumers of the same ethnic background may have different tastes, depending on the area of the country in which they live. As a result, some manufacturers have made slight variations in taste to appeal to consumers in a specific region.

The development of the private-label industry has led to fewer consumers having one favourite brand of a specific product. Consumers now tend to look at two or three different brands and base their decision on what they perceive to be the quality and the value of each product.

MARKET LOGISTICS

Retailers

Perhaps the most influential factor in shaping private-label growth in recent years has been the consolidation of retailers. Large retailers have more resources to allot to the development of a private-label program. In addition, large retail chains can afford to micromanage stores to better suit their clientele. Programs can be developed to suit the specific tastes of the majority of consumers in a specific area or even at a specific store.

With the consolidation of retailers, large supermarket chains are becoming more of a competitor to national brands rather than simply acting as a retail outlet. Not only do retailers have the financial capacity to compete with manufacturers of national brands, they are also better able to evaluate consumer purchasing power and purchasing decisions due to the widespread use of loyalty cards. With large chains having increased their presence in the market, many manufacturers have attempted to forge a closer relationship with these retailers as some second- and third-tier national brands are at risk of being dropped from product lines due to the growth in popularity of a store brand item.

The most significant drawback to the consolidation of retailers is that larger retailers will increasingly require strong manufacturers with the resources available to support large-scale, private-label programs. As this market develops, manufacturers will be expected to provide a growing number of services such as planning, forecasting, and replenishment that, in general, are currently only available through industry leaders.

Although there have been a number of mergers and acquisitions among food retailers, in 1999, the top five chains accounted for only 36.2% of total supermarket sales. This is relatively low compared to many retail sectors (e.g. drug stores, department stores) in the United States where the top five retailers account for more than 50% of total sales. The top five retailers and their respective market shares are Kroger (10%), Albertson's (8.4%), Wal-Mart (7.1%), Safeway (6.2%) and Ahold USA (4.5%).

Although most retailers use a single brand name for all their private-label products, some retailers have developed multiple names in an attempt to emphasize the qualities of certain product areas. This is especially common in fresh product lines such as those found in the dairy, deli or meat departments. Many retailers place a great deal of importance on the quality of their fresh products. This is due to the fact that consumer studies have shown that many shoppers make their decision about where to shop based in large part on the selection and quality of an outlet's fresh products.

It is also important that retailers do not sacrifice national brands while instituting a private-label program. A store brand line of products should, at least initially, complement existing products instead of attempting to replace them. Retailers should only consider eliminating a national brand once a store brand product accounts for the vast majority of sales in a certain product sector. Retailers who have simply eliminated existing national brands have risked alienating consumers who come looking for national brands and are not willing to switch to an unknown private-label product.

Retailers are using a number of advertising techniques in an attempt to encourage shoppers to purchase private-label goods. Among the most popular techniques are frequent shopper programs, savings when multiple items are purchased, and shelf tags that encourage consumers to compare national brands with private-label products.

Food Brokers

Most new food exporters choose brokers to sell their products and service their accounts. Brokers do not take title or possession of the goods, but instead act as "outside" sales staff. Some of the advantages of using a broker's services include:

- comparatively low start-up and overhead costs (no sales, no costs);
- quick access to an established network of buying contacts;
- a local presence to service clients; and
- the broker's knowledge of both the market and the product's promotional requirements.

Many brokers have established solid relationships with retailers and wholesalers, and have regular appointments with their buyers. As a result, they can often be instrumental in helping exporters to introduce new products.

When seeking the services of a broker, exporters should consider:

- the market segments and customers it serves;
- its reputation within the industry;
- the size of its sales force;
- its product knowledge;
- the number and location of its offices;
- the services it offers;
- the products it currently sells; and
- its interest in the exporter's goods and in those of its competition.

Any written agreement between an exporter and a broker should be prepared by a lawyer and, as a minimum, should cover the following points:

- territory covered;
- exclusivity and payment terms;
- performance criteria;
- collection of receivables;
- duration of agreement; and
- procedures to terminate the agreement.

It is important for an exporter to build a close and active working relationship with the chosen broker, so that the exported products are given the necessary exposure. Exporters should plan to make multiple trips to the market while attempting to establish a product in the United States. In order to ensure strong product support from a broker, companies should also spend time "educating and motivating" the entire broker's staff. In addition, producers should plan visits to the market to make joint sales calls on buyers. Manufacturers have the most interest, knowledge, and excitement in their product(s), which should be passed on to distribution partners.

Some markets may require that a broker and distributor be used, while other areas can be most effectively serviced through direct sales and distribution (DSD). In some niches, distributors will perform the functions of both the broker and the distributor—more of a DSD.

The two largest "private-label" brokers are Daymon Associates, Inc. and TOPCO Associates Cooperative. These companies actually have representatives which operate out of the headquarter offices of all major chains and independent wholesalers. They are typically under contract to these organisations to manage a large number of private-label and non-private-label goods.

For more information about food brokers in the United States, exporters are encouraged to seek a retailer's recommendation; contact a local industry association such as the Association of Sales and Marketing Companies, or contact the closest

Canadian Consulate.

Also, a report entitled "Working with a U.S. Food Broker: A Guide for Canadian Exporters" can provide useful information on the principal-broker relationship. This report is available on InfoExport at:
http://www.infoexport.gc.ca/docs/view-e.asp?did=5191&gid=229

Market-entry Considerations

Suggested Business Practices

Generally, business practices employed in Canada and the United States are quite similar. However, Canadian exporters should note that success in the United States will require additional dedication, commitment, persistence, aggressiveness and resources. The relative maturity and intense competition within the U.S. food market has led to customers having come to expect significant after-sales service and incentives.

Providing samples, demonstrations and point-of-sale material on a new private-label product is a key element in gaining market share. Many consumers are still somewhat leery about new private-label products. In most cases, this apprehensiveness can be conquered by simply providing information and samples of the product.

Like most national brands, store brands must maintain quality and promotion over an extended period of time. Historically, manufacturers of private-label foods and beverages have experienced difficulty in maintaining the quality of their products and the advertising necessary to maintain consumer interest. However, this has become less of an issue with the general improvement of the private-label industry as a whole.

Export Regulations and Procedures

Canadian exporters are strongly encouraged to hire a certified customs broker to manage border procedures. Customs brokers are familiar with all information required by the exporter, and are able to provide insight on such market access issues as import restrictions based on quotas, health regulations, documentation, labelling and product testing. Customs brokers typically charge exporters on a per shipment basis.

To retain the services of a U.S. customs broker, an exporter must first authorize the brokerage firm (by power of attorney) to file entries on its behalf with the U.S. Customs Service (USCS). The USCS also requires the exporter to post a bond, usually in an amount equal to the value of the shipment plus duties and fees. Exporters should complete the required documents and forward them in advance to their customs brokers, who can then notify the USCS of entry and arrange for clearance. The original documents must accompany the shipment, and must include the following:

- pro forma invoice;
- bill of lading;
- inward cargo manifest;
- health certificate, as required by the U.S. Department of Agriculture; and
- NAFTA certificate (for individual or annual shipments valued at more than US$2,000).

Bill of Lading

The bill of lading is the shipper's acknowledgment of receipt of the shipment. Each shipment may contain a set of bills of lading, one copy of which should be kept on file, while other copies are sent to the importer and customs broker, respectively. The bill of lading should include:

- description of the product(s);
- weights and measurements of the packages and their types;
- ports of origin and destination;
- names and addresses of shipper, importer and customs broker;
- any freight or other charge incurred;
- number of bills of lading in the full set; and
- the carrier's acknowledgment of receipt "on board" of the goods for shipment.

Depending on the product, it may be necessary for exporters to include storage temperature and requirements on the bill(s) of lading.

Packaging and Labelling

Goods should be properly packed and marked for shipment, to reduce both the risk of damage and pilferage. Properly packaged and labelled goods will also help to expedite customs examination. Food samples (not for resale) are exempt from labelling requirements, but must be marked as samples and shipped in compliance with U.S. import regulations.

The packaging and labelling of private-label foods have improved significantly over the last decade. Whereas many store brand products carried relatively plain packaging with little to no graphics or pictures in the early 1990s, most products now look quite similar to national brands. Retailers have come to realize that attractive packaging with bright colours, professional photographs and innovative designs are necessary in order to compete with brand name products. Although many private-label products imitate the packaging of the leading brands, manufacturers must be careful how closely their products resemble the national brands as some private-label producers have been taken to court over the similarities of packaging and labelling.

In addition, retailers and manufacturers of private-label products are working together to change and update product labels on a more frequent basis, in order to maintain consumer interest in these products. Historically, retailers may have only changed designs every eight to 10 years, whereas the current trend is to change packaging every two to five years.

Authentication of Documents

The U.S. government requires that some documents be authenticated, such as certificates of sale and letters authorizing an exporter's local agent or importer to act on their behalf. Documents must first be notarized in Canada, then can be authenticated, at no cost, by sending them to the Authentication and Service of Documents division (JLAC), Department of Foreign Affairs and International Trade.

Export Credit Risks, Restrictions on Letters of Credit, Currency Controls

Cash-in-advance and open-account sales are the most common methods of payment. Payments can easily be made by cheque or bank transfer. A buyer's credit rating can be checked with bankers, other suppliers and private credit analysis institutions. EDC offers insurance programs to protect Canadian exporters against non-payment by U.S. buyers. Some exporters have found it helpful to maintain a U.S. business address and bank account; however, companies should first consider the legal and tax implications of such an arrangement.

PROMOTIONAL EVENTS

Event/Description	Organizer
Private Label Expo April 4-5, 2001 (Annual) Las Vegas Convention Centre Las Vegas, Nevada	Bentley International Group 2030 East Flamingo Rd., Suite 120 Las Vegas, NV 89119 Tel.: 1-800-859-9247 or (702) 893-9090 Fax: (702) 893-9293 E-mail: info@privatelabelexpo.com Internet: http://privatelabelexpo.com
World of Private Label Show May 22-23, 2001 (Annual) RAI Exhibition Centre Amsterdam, Netherlands	PLMA International Council World Trade Centre Strawinskylaan 671 1077 XX Amsterdam, Netherlands Tel.: (31-20) 575-3032 Fax: (31-20) 575-3093
Private Label Expo September 18-19, 2001 (Annual) Atlantic City Convention Centre Atlantic City, New Jersey	Bentley International Group 2030 East Flamingo Rd., Suite 120 Las Vegas, NV 89119 Tel.: 1-800-859-9247 or (702) 893-9090 Fax: (702) 893-9293 E-mail: info@privatelabelexpo.com Internet: http://privatelabelexpo.com
Private Label Manufacturers Association Show November 11-13, 2001 (Annual) Chicago, Illinois	Private Label Manufacturers Association 369 Lexington Ave. New York, NY 10017 Tel.: (212) 972-3131 Fax: (212) 983-1382 Internet: http://www.plma.com

KEY CONTACTS AND SUPPORT SERVICES

Canadian Government Contacts

Canadian Embassy–Washington
501 Pennsylvania Ave. N.W.
Washington, DC 20001
Contact: Cynthia Stevenson
Tel.: (202) 682-7765
Fax: (202) 682-7619
E-mail: cynthia.stevenson@dfait-maeci.gc.ca

Canadian Consulate General–Atlanta
1175 Peachtree St. N.E.
1700 - 100 Colony Square
Atlanta, GA 30361-6205
Contact: Carl Rockburne
Tel.: (404) 532-2000
Fax: (404) 532-2050
E-mail: carl.rockburne@dfait-maeci.gc.ca

Canadian Consulate General–Boston
3 Copley Place, Suite 400
Boston, MA 02116
Contact: Colette Lekborg
Tel.: (617) 262-3760
Fax: (617) 262-3415
E-mail: colette.lekborg@dfait-maeci.gc.ca

Canadian Consulate General–Buffalo
1 Marine Midland Centre, Suite 3000
Buffalo, NY 14203-2884
Contact: Marcia Grove
Tel.: (716) 858-9555
Fax: (716) 852-4340
E-mail: marcia.grove@dfait-maeci.gc.ca
Internet: http://www.canadianconsulatebuf.org

Canadian Consulate General–Chicago
2 Prudential Plaza
180 N. Stetson Ave., Suite 2400
Chicago, IL 60601
Contact: Cathy Cameron
Tel.: (312) 616-1873 ext. 3368
Fax: (312) 616-1878
E-mail: cathy.cameron@dfait-maeci.gc.ca

Canadian Consulate General–Dallas
750 North St. Paul St., Suite 1700
Dallas, TX 75201
Contact: Laura Aune
Tel.: (214) 922-9806
Fax: (214) 922-9815
E-mail: laura.aune@dfait-maeci.gc.ca

Canadian Consulate General–Detroit
600 Renaissance Centre, Suite 1100
Detroit, MI 48243-1798
Contact: Keith Jozwik
Tel.: (313) 567-2208 ext. 3361
Fax: (313) 567-2164
E-mail: keith.jozwik@dfait-maeci.gc.ca

Canadian Consulate General–Los Angeles
550 South Hope St., 9th Floor
Los Angeles, CA 90071-2627
Contact: Carl Light
Tel.: (213) 346-2700
Fax: (213) 346-2627
E-mail: carl.light@dfait-maeci.gc.ca

Canadian Consulate General–Minneapolis
701 4th Ave. S, Suite 900
Minneapolis, MN 55415-1899
Contact: Kent Jensen
Tel.: (612) 332-7486 ext. 3357
Fax: (612) 332-4061
E-mail: kent.jensen@dfait-maeci.gc.ca

Canadian Consulate General–New York
1251 Avenue of the Americas
New York, NY 10020-1175
Contact: Lisa Rambert
Tel.: (212) 596-1656
Fax: (212) 596-1793
E-mail: lisa.rambert@dfait-maeci.gc.ca
Internet: http://www.canada-ny.org

Canadian Consulate General–Seattle
412 Plaza 600, Sixth and Stewart Streets
Seattle, WA 98101-1286
Contact: Doug McCracken
Tel.: (206) 443-0336 ext. 3356
Fax: (206) 443-9662
E-mail: doug.mccracken@dfait-maeci.gc.ca

Agriculture and Agri-Food Canada
International Markets Bureau
930 Carling Ave., 10th Floor
Ottawa, ON K1A 0C5
Contact: Brenda Jack
Tel.: (613) 759-7712
Fax: (613) 759-7506
E-mail: jackb@em.agr.ca

Canadian Commercial Corporation (CCC)
Metropolitan Centre
50 O'Connor St., 11th Floor
Ottawa, ON K1A 0S6
Tel.: 1-800-748-8191 or (613) 996-0034
Fax: (613) 995-2121
E-mail: info@ccc.ca
Internet: http://www.ccc.ca

Canadian Food Inspection Agency (CFIA)
59 Camelot Dr.
Nepean, ON K1A 0Y9
Tel.: (613) 225-2342
Fax: (613) 228-6653
E-mail: cfiamaster@em.agr.ca

Department of Foreign Affairs and International Trade (DFAIT)
125 Sussex Dr.
Ottawa, ON K1A 0G2
Internet: http://www.dfait-maeci.gc.ca

Authentication and Service of Documents (JLAC)
Tel.: (613) 992-6602
Fax: (613) 992-2467

Market Support Division (TCM)
Tel.: (613) 995-1773
Fax: (613) 943-1103

Tariffs and Market Access Division (EAT)
Tel.: (613) 992-2177
Fax: (613) 992-6002 or 944-4840

U.S. Business Development Division (URT)
Tel.: (613) 995-0759
Fax: (613) 944-9119

Export Development Corporation (EDC)
151 O'Connor St.
Ottawa, ON K1A 1K3
Tel.: 1-800-850-9626 or (613) 598-2500
Fax: (613) 598-6697
E-mail: export@edc4.edc.ca
Internet: http://www.edc.ca

Agriculture and Agri-Food Canada–Regional Trade Contacts

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Tel.: (604) 666-7903

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Edmonton
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Brenda Patton
Regina
Tel.: (306) 780-7071

Dan Wuerch
Winnipeg
Tel.: (204) 984-4230

Frank Webster
Guelph
Tel.: (519) 837-5854

Robert Bouchard
Montreal
Tel.: (514) 283-3815

Bernard Mallet
Fredericton
Tel.: (506) 452-3732

Chris Pharo
Charlottetown
Tel.: (902) 566-7310

Janet Steele
Halifax
Tel.: (902) 426-2221

Al McIsaac
St. John's
Tel.: (709) 772-0330

International Trade Centres

For export counselling or publications for Canadian exporters, contact a local International Trade Centre by calling 1-888-811-1119.

Export-Oriented Canadian Food Industry Associations

A detailed list of both provincial and national Canadian food industry associations can be found on the Agriculture and Agri-Food Web site at: http://atn-riae.agr.ca/public/associations-e.htm.

Alliance of Manufacturers & Exporters Canada
75 International Blvd., 4th Floor
Toronto, ON M9W 6L9
Tel.: (416) 798-8000 or (613) 563-9218
Fax: (416) 798-8050
E-mail: national@the-alliance.com
Internet: http://www.the-alliance.com

Atlantic Canada Export Club
24 Pictou Rd.
Truro, NS B2N 2R8
Tel.: (902) 893-7539
Fax: (902) 893-7041
E-mail: atlcanadaexport@ns.sympatico.ca
Internet: http://www.atlcanadaexport.ca

Canadian Food Exporters Association
885 Don Mills Rd., Suite 301
Don Mills, ON M3C 1V9
Tel.: 1-888-227-8848 or (416) 445-3747
Fax: (416) 510-8044
Contact: Susan Powell
E-mail: susanp@cfea.com
Internet: http://www.cfea.com

Food Beverage Canada
17311 – 103rd Ave., Suite 201
Edmonton, AB T5S 1J4
Tel.: 1-800-493-9767 or (780) 486-9679
Fax: (780) 484-0985
Internet: http://www.foodbeveragecanada.com

Food Institute of Canada (FIC)
1600 Scott St., Suite 415
Ottawa, ON K1Y 4N7
Tel.: (613) 722-1000
Fax: (613) 722-1404
Internet: http://foodnet.fic.ca

Quebec Agri-Food Export Club
200 MacDonald St., Suite 102
St. Jean-sur-Richelieu, QC J3B 8J6
Tel.: (514) 349-1521
Fax: (514) 349-6923
E-mail: castor@profil-cdi.qc.ca

U.S. Government Contacts

U.S. Department of Agriculture (USDA)
14th St. and Independence Ave., SW
Washington, DC 20250
Tel.: (202) 720-2791
Internet: http://www.usda.gov
Note: All USDA offices are accessible from the main telephone number.

Food Safety and Inspection Service (FSIS)
Tel.: (202) 720-7025
Fax: (202) 205-0158
Internet: http://www.fsis.usda.gov

U.S. Department of Health and Human Services
Food and Drug Administration (FDA)
5600 Fishers Lane
Rockville, MD 20857
Tel.: (301) 443-4480
Fax: (301) 443-0335
Internet: http://www.fda.gov

U.S. Department of the Treasury
U.S. Customs Service (USCS)
1300 Pennsylvania Ave. NW
Washington, DC 20229
Tel.: (202) 927-6724
Fax: (202) 927-1393
Internet: http://www.customs.ustreas.gov

U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Ave., NW
Washington, DC 20460
Tel.: (202) 260-2090
Internet: http://www.epa.gov

Industry Associations

Private Label Manufacturers Association
369 Lexington Ave.
New York, NY 10017
Tel.: (212) 972-3131
Fax: (212) 983-1382
Internet: http://www.plma.com

Food Brokers

Daymon Associates Inc.
700 Fairfield Ave., Suite 2
Stamford, Connecticut
06902-7526
Tel.: (203) 352-7500
Internet: http://www.daymon.com/

TOPCO Associates Cooperative
7711 Gross Point Road
Skokie, Illinois
60077-2615
Tel.: (847) 676-3030
Internet: http://www.topcoess.com

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Beverage World. "The Cott's Meow," August 15, 2000.

Canada NewsWire. "SoftCare Launches Portal for the Private Label Manufacturing Industry," November 3, 2000.

Chain Drug Review. "Store Brands Potent Force in Chain Drug Product Mix," March 13, 2000.

Discount Merchandiser. "Private Label Grows Up," November 1, 1999.

Food in Canada. "Southern Exposure," May 1, 2000.

The Food Institute. "Private Labels Continue to Strengthen," May 29, 2000.

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Frozen Food Age. "Bigger Chains Hype Private Label," May 1, 1999.

———. "IRI Data Shows Frozen Private Labels are Growing," November 1, 1999.

Grocery Headquarters. "Making Deli a Point of Distinction," June 1, 2000.

———. "Private Label Produce: Can the Retailer Become the Brand?," October 1, 2000.

Marketing News. "Building Store Loyalty with Store Brands," July 31, 2000.

Prepared Foods. "More Than a Name," September 1, 2000.

Progressive Grocer. "Private Label," August 1, 2000.

Shopper Report. "Beverages are Weak Sisters," September 1, 2000.

Stagnito Communications Inc. *Private Label News*, May 2000.

———. *Private Label News*, June 2000.

———. *Private Label Buyer*, October 2000.

Supermarket Business. "A Household Name," June 15, 2000.

Supermarket News. "Store Brands, Gourmet, Ethnic Lines Strong: FMI," August 16, 1999.

———. "PLMA Show; Quality Over Pricing Urged for Perishables," November 29, 1999.

———. "Store Labels Make Splash," April 3, 2000.

———. "Dairy: The Darling of Private Label," April 17, 2000.

———. "Deli Called Great Private-Label Differentiator," April 17, 2000.

———. "A&P Private Label Sticks Out as National Brand," June 12, 2000.

———. "Not Your Father's Private Label," June 26, 2000.

———. "Private Label Makes Gains in Center Store," June 26, 2000.

———. "Retailers' Focus on Private Labels Results in High Profits," June 26, 2000.

———. "Store Packaging Brightens Private-Label Image," June 26, 2000.

———. "Going Bananas Over Breakfast," July 17, 2000.

———. "Tasty Freeze; Private-Label Frozen Food Products are Becoming Increasingly Popular with Consumers, Due to Lower Costs and Taste Improvements," August 7, 2000.

———. "Private Label Market Remains Robust," October 2, 2000.

———. "Value-Added, Signature Items Defining Private Label in Fresh Foods," October 2, 2000.

OTHER REFERENCE MATERIAL

Datamonitor. *U.S. Private Label 2000: 'Standing Out in a Crowd'*, 2000.

Internet Sites

Agri-Food Trade Service: **http://ats.agr.ca**

Associations of Sales and Marketing: **http://www.asmc.org**

Canada Business Service Centres: **http://www.cbsc.org**

Canadian Food Inspection Agency: **http://www.cfia-acia.agr.ca**

Canadian Food Trade Alliance: **http://www.cfta.ca**

Department of Foreign Affairs and International Trade: **http://www.dfait-maeci.gc.ca**

ExpoGuide: **http://www.expoguide.com**

ExportSource: **http://exportsource.gc.ca**

Food and Drug Administration (FDA): **http://www.fda.gov**

Food Processing: **http://www.foodprocessing.com**

Food Safety and Inspection Service: **http://www.fsis.usda.gov**

Governments on the WWW–United States of America: **http://www.gksoft.com/govt/en/us.html**

InfoExport: **http://www.infoexport.gc.ca**

Private Label Buyer: **http://www.privatelabelbuyer.com**

Private Label–Exclusive Brands Interchange: **http://www.pl-eb.com**

Private Label Manufacturers Association: **http://www.plma.com**

Softcare Electronic Commerce Inc.: **http://www.softcare.com**

Strategis: **http://strategis.gc.ca**

Trade Show Central: **http://www.tscentral.com**

Trade Show News Network: **http://www.tsnn.com**

Tradeport: **http://www.tradeport.org**

READER EVALUATION

Please help the Market Research Centre to produce market reports that meet your information needs by completing this evaluation form and returning it by fax to (613) 943-1103. Thank you for your valuable input.

1. How did you obtain a copy of this market report?
   - ☐ InfoCentre FaxLink system
   - ☐ InfoCentre help line
   - ☐ Local government office
   - ☐ Government Internet site
   - ☐ Other: _____

2. How would you describe this market report?

	Strongly agree	Agree	No opinion	Disagree	Strongly disagree
Useful	☐	☐	☐	☐	☐
Complete	☐	☐	☐	☐	☐
Well organized	☐	☐	☐	☐	☐
Well written	☐	☐	☐	☐	☐
Ideal length	☐	☐	☐	☐	☐

3. In what form do you prefer to obtain these reports?
   - ☐ Print
   - ☐ Electronic

4. Based on the information in this report, what specific action(s) does your organization plan to take in this market? Check all that apply.
   - ☐ Seek an agent/distributor
   - ☐ Visit the market
   - ☐ Do more research
   - ☐ Other: _____
   - ☐ Contact Canadian trade office abroad
   - ☐ Participate in a trade show abroad
   - ☐ Nothing

5. What other market reports would be of benefit to your organization? Please identify specific products and countries. _____

6. Which of the following categories best describes your organization? Check one only.
   - ☐ Processor/manufacturer
   - ☐ Trading house
   - ☐ Export service provider
   - ☐ Industry/trade association
   - ☐ Government
   - ☐ Student/academia
   - ☐ Consultant
   - ☐ Other: _____

7. What were your organization's total sales last year, in Canadian dollars?
   - ☐ Less than $10 million
   - ☐ More than $50 million
   - ☐ $10 million to $50 million
   - ☐ Not applicable

Additional comments/suggestions for improvement: _____

OPTIONAL — The name of your organization is: _____